



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 26-068

May 12, 2026

Introduced: 4/30/2026

Current Status: Agenda Ready

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Matter Type: BoS Resolution

- a. Conduct a public hearing to obtain residents' views and respond to proposals and questions received during the preceding 30-day public comment period regarding the Urban County Community Development Block Grant (\$1,511,767) and HOME Investment Partnership Act (\$1,112,463) Annual Action Plan for Fiscal Year 2026-27 and proposed allocations;
- b. Receive and adopt the 2026-27 Annual Action Plan which includes funding recommendations for Community Development Block Grant and HOME Investment Partnership Act funds of \$2,624,230;
- c. Authorize the Director of Housing and Community Development or their designee to submit the 2026-27 Annual Action Plan to the U.S. Department of Housing and Urban Development and execute documents required by the U.S. Department of Housing and Urban Development to implement the 2026-27 Annual Action Plan;
- d. Approve the Subrecipient Agreement template for use with the Urban County Community Development Block Grant Program;
- e. Authorize the Director of Housing and Community Development to execute Subrecipient Agreements with Urban County and County Grantees, including making minor changes as necessary, subject to review and approval by County Counsel, to implement the 2026-27 Annual Action Plan; and,
- f. Adopt a Resolution authorizing the Director of Housing and Community Development or their designee to sign documentation required for environmental reviews associated with projects funded with the Community Development Block Grant.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Conduct a public hearing to obtain residents' views and respond to proposals and questions received during the preceding 30-day public comment period regarding the Urban County Community Development Block Grant (\$1,511,767) and HOME Investment Partnership Act (\$1,112,463) Annual Action Plan for Fiscal Year 2026-27 and proposed allocations;
- b. Receive and adopt the 2026-27 Annual Action Plan which includes funding recommendations for Community Development Block Grant and HOME Investment Partnership Act funds of \$2,624,230;
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- d. Approve the Subrecipient Agreement template for use with the Urban County Community Development Block Grant Program;
- e. Authorize the Director of Housing and Community Development to execute Subrecipient Agreements with Urban County and County Grantees, including making minor changes as necessary,

subject to review and approval by County Counsel, to implement the 2026-27 Annual Action Plan; and,

f. Adopt a Resolution authorizing the Director of Housing and Community Development or their designee to sign documentation required for environmental reviews associated with projects funded with the Community Development Block Grant.

SUMMARY:

The County of Monterey first qualified to receive Community Development Block Grant (CDBG) funding directly from the U.S. Department of Housing and Urban Development (HUD) in 2013 as an entitlement jurisdiction. In 2025, the County qualified for the first time to receive HOME Investment Partnership Act (HOME) funding. As part of the process to qualify for designation as an Entitlement Community, the County is required to prepare a Consolidated Plan at least once every five years and an Annual Plan every year. The Consolidated Plan, adopted in May of 2025, guides how the County will use its CDBG and HOME funds to meet eligible community development needs through 2029.

CDBG funds may be used to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. As an entitlement community, the County and its consortium members must prioritize activities, which primarily benefit low- and moderate-income persons. Other eligible activities may aid in the prevention or elimination of slums or blight and activities that meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs. CDBG funds may not be used for activities which do not meet one of these objectives.

HOME funds may be used to address affordable housing needs in the unincorporated areas of the County. It can provide new construction, acquisition, rehabilitation, and/or rental assistance. As an entitlement community, the County must prioritize activities, which primarily benefit low- and moderate-income persons.

DISCUSSION:

Since Monterey County was first designated an Urban County in 2013, it has received more than \$17 million in CDBG funds. Over the last thirteen years, these funds have been used to support projects in the Cities of Del Rey Oaks, Gonzales, Greenfield, Sand City and the unincorporated areas of Monterey County. In the 2025/26 fiscal year, Del Rey Oaks left the Urban County and the City of Marina joined as a new partner. The Urban County is open to any jurisdiction within Monterey County that is not already designated a HUD Entitlement Community.

A five-year Consolidated Plan for the 2025-2029 period has been adopted for the Urban County. The Consolidated Plan is the Urban County's identification of affordable housing, community development, and public service needs and how the Urban County may use CDBG funding to address those priorities. As part of the Consolidated Plan process the Urban County is required to invite all cities within the County to opt-in/out of the Urban County at least once every three years. Cities that opt-into the Urban County may not apply for CDBG funding through the State of California's CDBG program if they are members of the Urban County. Currently, the consortium

includes unincorporated areas of Monterey County, Gonzales, Greenfield, Marina, and Sand City.

HUD qualified the Urban County on a three-year cycle that began July 1, 2025. At the time, the Joint Exercise of Powers Agreement estimated \$4,309,170 in funding over three years (2025-2027). However, based on the actual amount received in 2025 and awarded for 2026, which were slightly lower than anticipated, the new three-year total is estimated at \$4,015,543. The estimated amount for 2027 is based on the reduction in funding from 2025 to 2026. The three-year funding estimate is based on:

Actual funding in 2025	\$1,361,629
Awarded funding in 2026	\$1,338,382
<u>Estimated amount for 2027</u>	<u>\$1,315,532</u>
TOTAL	\$4,015,543

Among the jurisdictions participating in the Urban County, the estimated three-year funding has been allocated as follows:

Gonzales	\$175,566
Greenfield	\$547,299
Marina	\$452,696
Sand City	\$74,076
County	\$1,360,476
Public Services	\$602,331
<u>General Administration</u>	<u>\$803,109</u>
TOTAL	\$4,015,543

HOME funding became available to the County in the 2025/2026 fiscal year. This funding source is additive to the CDBG Urban County funding. HOME funds may be used to address affordable housing needs in the unincorporated areas of the County. It can provide new construction, acquisition, rehabilitation, and/or rental assistance. As an entitlement community, the County must prioritize activities that primarily benefit low- and moderate-income people. With HOME funding included, the Urban County is expected to have \$1,511,767 of CDBG funds and \$1,112,463 HOME funds for all activities in 2026-27. This includes: \$1,338,382 in new CDBG funding, \$173,385 remaining CDBG funds from 2025-26, \$399,970 in new HOME funding with a required match of 25 cents per dollar of \$99,993, and \$612,500 HOME funds from 2025-26.

Each year, the Urban County is required to submit an Action Plan to HUD which includes approved funding recommendations for affordable housing, infrastructure, public facilities, public services, and general administration. On December 11, 2025, the Urban County issued a Notice of Funding Availability to more than 135 public and non-profit service agencies, posted in the Monterey County Weekly in English and Spanish, and posted on social media to solicit funding proposals for the Urban County's Fiscal Year (FY) 2026-27 Annual Action Plan (AAP). On January 14, 2026, the County held a noticed public workshop for interested parties to learn about the CDBG and HOME programs, help identify unmet or underserved needs in the community that CDBG and HOME funds may be used to address, and to learn how to apply for these funds. Seventeen applications requesting a total of \$3,970,450 were received by January 30, 2026, due date. On March 4, 2026, City and County staff met to review the applications and develop funding recommendations. Recommendations

are explained in further detail in the discussion below and within the attachments to this report. On March 26, 2026, the Board of Supervisor's Monterey County Urban County Committee met to receive staff funding recommendations and develop funding recommendations for the FY 2026-27 AAP and take additional public comments on unmet or underserved community development needs. On April 7, 2026, the County received the FY2026 Formula Allocations for CDBG and HOME from HUD. On April 9, 2026, the draft FY 2026-27 AAP was released for 30-day public review and made available on the websites of the County, Gonzales, Greenfield, Marina, and Sand City as well as social media postings.

Urban County may allocate up to 15% (\$200,757) of the 2026-27 CDBG award to public service activities and up to 20% (\$267,676) for general administration. The only activity that the Urban County is required to fund under CDBG is Fair Housing. Fair Housing can be funded under the public service or general administration caps. County may allocate up to 10% (\$39,997) of the 2026-27 HOME award for general administration; however, we are choosing to only allocate \$7,500.

CDBG Project Activities

The remaining new CDBG grant funds (totaling \$869,949) can only be used for projects that support affordable housing, infrastructure, and public facilities. Based on the Joint Exercise of Powers Agreement, staff recommend funding Marina for \$452,696 in the 2026-27 Annual Action Plan to upgrade the community center kitchen facilities and accessibility improvements at Vince DiMaggio Park. This will leave a balance of \$417,253 and \$173,385 from 2025-26, for a total of \$590,638 to support affordable housing, infrastructure, and public facilities. The County received nine applications for projects requesting a total of \$4,107,286. Five of the projects are recommended for full funding and one for half funding. Monterey County Urban Standing Committee funding recommendations for the FY 2026-27 AAP are shown in Attachment A.

CDBG Public Service Activities

CDBG regulations limit the amount that the Urban County may allocate to public services to 15% of the current year grant and 15% of the program income received during the prior year (actual funds received, not forecast). The Urban County generally requires public service activities to be completed within the year funded and any unused funds may not be applied to future year activities. For 2026-27, the Urban County received ten applications requesting a total of \$373,160. The staff recommendation is to fund eight of the applications under the public service allocation and one under the public service allocation and HOME funds. The application submitted by the Eden Council for Hope and Opportunity (ECHO) is to provide fair housing services. Staff are recommending that this application be funded under the general administration cap.

The Urban County has \$200,757 available to fund public services. Based on the amount of funding available, statutory restrictions, and the priority needs determined to have a high priority level, the Monterey County Urban Standing Committee funding recommendations for the FY 2026-27 AAP are shown in Attachment A.

CDBG & HOME General Administration

Urban County will use up to 20%, \$267,676, of the grant to manage the CDBG program and pay for

fair housing services. Fair housing is the only mandated activity that CDBG must fund. The County can use up to 10%, \$39,997, of the new HOME grant to manage the program. County is only allocating \$7,500 of the new HOME grant and \$37,500 of the 2025-26 grant. Administration funding recommendations for the FY 2026-27 AAP are shown in Attachment A.

HOME Housing Rehabilitation & Rental Assistance

The remaining new HOME grant funds (totaling \$492,463) can only be used to provide new construction, acquisition, rehabilitation, and/or rental assistance. Staff recommend allocating \$80,721 to rental assistance and \$411,742 to rehabilitation. With the 2025-26 funding, with allocations of \$150,000 for rental assistance and \$425,000 for rehabilitation, it brings the total to \$230,721 for rental assistance and \$836,742 for rehabilitation.

County received two applications for Tenant-Based Rental Assistance (TBRA). Catholic Charities of the Diocese of Monterey submitted an incomplete application that failed the application completeness and attachments provided criteria; therefore, no recommendation for funding is made on this application. The Central Coast Center for Independent Living (CCCIL) requested CDBG funding for case management activities and HOME funding for TBRA. Monterey County Urban Standing Committee funding recommendations for the FY 2026-27 AAP are shown in Attachment A.

The recommendation is to fund CCCIL with \$48,214 of HOME funds, provided that CCCIL modifies its approach to comply with HOME TBRA eligibility requirements. Staff also recommends allowing the Housing Authority of the County of Monterey to apply for the remaining TBRA funds for the Emergency Housing Voucher program, as the agency is well positioned to administer and maximize the use of these resources.

The Urban County Committee considered the funding recommendations of staff from all five participating jurisdictions for affordable housing, infrastructure, public facility projects, and public services. The Grant Application Review Packet (GARP), Attachment B, provides detailed information on the proposed projects (pages 6-15). The GARP summarizes the sources (page 3) and uses of funding (Appendix A, pages 16-17) during 2026-27.

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:

This report has been prepared by staff from the Housing and Community Development Department with input from the CAO budget office and the office of County Counsel. On March 26, 2026, the Urban County Committee reviewed the funding recommendations on anticipated funding. County received confirmation of grant funding on April 7, 2026, and adjusted the funding recommendation amounts accordingly.

While the County has not received the 2026-2027 CDBG and HOME Federal Award Agreements, County Counsel has reviewed the prior awards. County Counsel has advised that certain elements of the Agreements, specifically those relating to Executive Order 14168, Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government are not enforceable.

FINANCING:

The HUD grants are annual agreements. If the County complies with grant requirements, the County may elect to continue to receive annual entitlement funding, subject to the federal budget process.

HCD has included \$3,481,129 in its FY 2026-27 Requested Budget in Fund 013, Budget Unit 8546 (Community Development Grants), Appropriation Unit HCD005, based on:

HUD 2026-27 CDBG funding	\$1,338,382
HUD 2026-27 HOME funding	\$399,970
Anticipated Interest on Notes Receivable	\$2,000
Operating Transfers In	\$221,520
Unspent Prior Year CDBG Funds	\$1,115,777
Unspent Prior Year HOME Funds	\$403,480

There is no impact on the General Fund because of the Board's approval of the AAP.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

Authorizing the Urban County to post the FY2026-27 Annual Action Plan is the first step toward making \$1,338,382 CDBG funds available to help local jurisdictions make improvements to public facilities, provide food security for seniors, help children and youth develop the social skills they need to be successful in life, and help homeless persons find shelter. It is also the first step toward making \$499,963 HOME funds to help make affordable housing improvements.

- Well-Being and Quality of Life
- Sustainable Infrastructure for the Present and Future
- Safe and Resilient Communities
- Diverse and Thriving Economy

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- Attachments:
- A - Funding Recommendations
 - B - Grant Application Review Packet
 - C - Application Summary
 - D - Draft FY2026-2027 Annual Action Plan Draft
 - E - 2026 Subrecipient Agreement Template
 - F - Draft Resolution Delegation of Authority